

**STRATEGIC INVESTMENT COMMITTEE MEETING
RI DEPARTMENT OF LABOR & TRAINING
11/17/05**

MINUTES

Members Present: J. MarcAurele, A. Gibbs, W. McGowan, B. Melton, L. Ricci, M. Trueb

Members Absent: D. Wilson

Staff Present: M. Koback, M. McGetrick, L. DelRossi, M. McDowell

Chairman J. MarcAurele called the meeting to order at 8:10 AM. He reiterated the goal of the committee to be that of defining and prioritizing funding initiatives. He would like the committee over time to strategically determine what is important both from a budget standpoint and a priority standpoint. He stated that a meeting of the full board has been scheduled for December 8, 2005 to deal with funding necessities. Lastly, the committee should try to set the bar regarding how those decisions will be made in the future.

M. McGetrick reported that there is approximately 80 million dollars available in the state for workforce development activities. Eventually, the goal of this committee will be to make recommendations to the full board to get a handle on those dollars, to make sure the money is strategically invested without duplication. She reported on the history of the Job Development Fund, which is an off-set of the Unemployment Insurance tax paid by employers. Non-profit agencies have the option of contributing to this Unemployment Insurance tax, while all For-Profit businesses are required to participate in the program. .21% of the taxable payroll goes into the Job Development Fund. .02% is the legislatively allocated portion which is called Core Services and supports specific workforce development activities. The Governor's Workforce Board and the HRIC do not have authority on how these funds are spent. The .19% is the responsibility of the Governor's Workforce Board's HRIC Committee. According to the legislation, it is to be used to improve skill levels and expand opportunities for all segments of the workforce.

M. McGetrick pointed out in the presentation that 74% of the fund is "street money" and is available to be awarded through grants. 8% of the fund is for GWBRI office operational expenses and related support provided by the Department of Labor and Training. 8% of the fund is for COPS/Cost Sharing, which is essentially the rent and overhead for the facility and cost sharing is what is paid to the Division of Taxation to collect the taxes. The 10% Cost Recovery is a fee that is imposed on all unrestricted funds by the state and is taken off the top each year to fund the Department of Administration's assistance to the board.

In the past, funds have been moved from the Job Development Fund through legislation to fund other areas. Chairman MarcAurele stated that he felt that the board should not get involved in issues driven by legislation, but focus on the funding under the board's direct authority.

Regarding the 74% External contracts portion of the fund, since 1998, \$56,440,125 has been awarded by the HRIC. There is approximately \$7 million dollars available per year for grant programs. In the past, the HRIC would take the annual allocation and plan to distribute funds

through four established funding categories: Economic Development Opportunities; New Learning Opportunities; Opportunities for People in Need; and Networking Opportunities. The Council would decide the categorical percentages and the types of initiatives under each category.

L. DelRossi was asked to explain some of the past activities of the Council. She stated that the Economic Development Opportunities category received the largest portion of the fund. In the past, significant funds were used to support incumbent worker training, which supported programs designed to improve the competitiveness and productivity of businesses. Another important activity under this category was the Excellence Through Training Grant (ETTGT) Program. 505 organizations were funded since 1998 and involved 33,746 employees. These funds were issued through a competitive Request for Proposals (RFP) process. She briefly explained the RFP process and noted that past grant recipients were used to rate the proposals along with representatives from the workforce development system.

The maximum ETTGT award over the past few years has been \$30,000. These funds were available to any size employer, and 52% of the companies funded had fewer than 100 employees.

Another initiative discussed was the Employee Investment Grant (EIG) program with 1,470 businesses funded since 1998 supporting 11,855 employees. This program, administered by the two local Workforce Investment Boards, awarded grants up to maximum of \$10,000 and required 50% by the business. Companies with 100 or less employees were targeted. The difference between EIG and the Excellence Through Training Grants program was that EIG was a rolling application available throughout the entire year, whereas ETTGT was available once a year.

In answer to the question of whether the agencies had a reporting process or were monitored in terms of outcomes, M. McGetrick responded that every grant was monitored and outcomes identified. She added that because there were so many different types of training, it was difficult to measure outcomes such as, if the grants the Council awarded increased productivity in manufacturing 20% or increased employment by 40% or increased sales by 30%. M. McGetrick suggested that the Board might want to address this issue further down the road.

Under the Job Creation Grant initiative, 52 companies were funded since 2000 with 3,789 new hires. This program was administered by the Economic Development Corporation. The grant amount was determined by number and type of jobs. A 50% employer cash match was also required.

The Industry Cluster Initiative supported industry organization around workforce issues. The RI Export Assistance Center at Bryant College was an example of this initiative. The Center provided export assistance related training to RI companies seeking to sell their products or services in world markets. The last initiative under the Economic Development Opportunities category, Rhode Island Manufacturing Extension Services (RIMES) provided manufacturing solutions to Rhode Island's small and medium-sized manufacturers.

Under the New Learning Opportunities category the initiative included Workplace Connected Adult Literacy program. Its goal was to connect businesses, workplace educators and adult learners. The second initiative was to augment federal funding for the School-to-Career Program. Another initiative provided funding to the William Davies High School for the development of a curriculum evaluation instrument.

Under the Networking Opportunities, the initiatives included funding a Labor Market Information Training Grant and provided funding for Local Workforce Board Staff Support.

The Last category, Opportunities for People in Need, provided funding to the Exeter Job Corps Academy, which assisted with building the Academy's infrastructure. Another initiative provided funding to the United Way's Making It Work Program that targeted services to individuals with barriers to employment

Chair J. MarcAurele, with assistance from staff, developed a draft budget for proposed funding priorities with allocation percentages. He requested input from committee members.

Chair MarcAurele felt that in the past, to a large extent, the HRIC existed as a conduit to give out this money. He sees the Committee's job as influencing, to some extent, how distribution of the larger system's workforce development funds are used and prioritized. This would be a long term outcome.

A.Gibbs commented that if an organization can't substantiate and have good reasons, good outcomes and good measurements for putting \$8 or \$10 million into the community, then they shouldn't be doing it. She stated that there were many organizations which should not be funded, but are because they have always received funding, not necessarily because they have been able to produce the outcomes.

The members discussed and approved the five draft priority areas along with the allocated amounts for each. They agreed on the allocated amounts but also agreed that these amounts could be changed based on needs or shifts in priority. The recommended budget and allocation amounts will be presented to the full Board for approval at its meeting on December 8, 2005.

The meeting adjourned at 9:51 AM.

Respectfully submitted,

Marsha McDowell